RV BUSINESS

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MARCH 22, 1991

Snowbirds Still Flock To Sun Belt

War in the Persian Gulf and the slumping U.S. economy apparently did not succeed in changing the basic lifestyle of the tens of thousands of retired U.S. and Canadian snowbirds who annually flock to Southern campgrounds and resorts, according to RV-park managers in the Sun Belt.

Although Sun Belt RV campground and resort operators do report that the Gulf crisis prompted many "snowbirds" to migrate either earlier or later than usual, they add that the overall level of visitors appears undiminished by the war and its aftermath.

"Right now, what I'm hearing about from our members is a pretty good season," said Wayne Frederich, co-executive director of the Florida Campground Association, based in Tallahassee.

Frederich noted that early occupancy rates of Florida campgrounds were soft, dipping by 4.2% last November from the same month in 1989, but that, after the war broke out in mid-January and the nation finally turned away from its TV sets, many campgrounds experienced a measurable upsurge in occupancy.

By February, in some popular Florida and Arizona locales, occupancy rates were typically close to 100%, according to a survey of park operators.

"We were wondering what was going to happen last fall," said Sherry Vance, vice president of marketing for Nashville, Tenn.-based Outdoor Resorts of America Inc., which rents and sells RV sites in several states. "But things are really taking off. And, as far as our company is

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UPBEAT MOOD FOR SOUTHERN CAMPGROUNDS: Economic and Mideast-war worries didn't dent traffic at most Sun Belt campgrounds. See cover story and related article on page 8.

Failure of Van Seats in NHTSA Tests Stirs Industry Concern

The National Highway Traffic Safety Administration (NHTSA) expressed concern that van converters may have an industrywide problem in complying with Federal Motor Vehicle Safety Standard (FMVSS) 210 for seat and seat-belt anchorages after seats of three randomly selected van-conversion brands failed dramatically during tests conducted by the agency.

According to a NHTSA spokesman, the seat testing was initiated after investigators for the agency conducted cursory examinations of several van conversions displayed at various RV shows. Testing was done at NHTSA laboratories in Virginia and involved pull tests designed to imitate the stress that would be sustained by seat pedestals and seat belts in an accident.

"Not only did all three of the vans fail the tests," said a NHTSA spokesman, "the failures were pretty dramatic." Two of the vans tested utilized seat-belt bars to anchor three seat belts in the rear bench-type seat. In each instance, the seat-belt bars were pulled completely through the floor when

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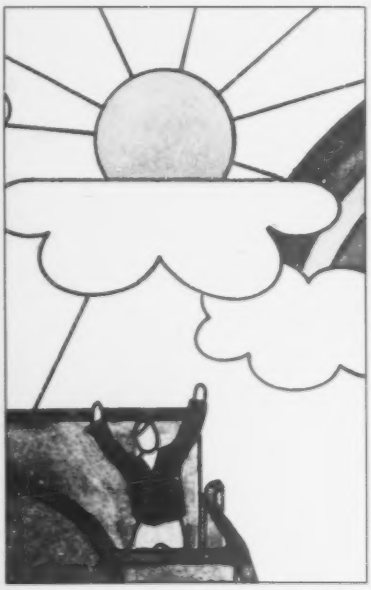

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RV bathrooms have come a long way from the cramped, utilitarian spaces of past years. RV designers believe savvy dealers will want to emphasize the new trend toward spaciousness and elegance in wooing today's discriminating RV buyers.

Weathering the Recession ____ 32

1991 opened with slumping sales and Mideast-war worries, but an RVB survey of dealers found that many were coping calmly—surviving and even thriving. RV dealers and industry experts share some time-tested strategies for weathering the current recession.

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This alphabetical listing, by subject, of feature and departmental topics published in 1990 issues of RV Business provides a handy reference for readers.

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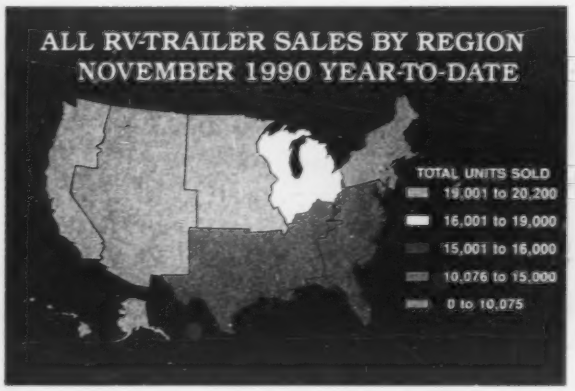
NOVEMBER '90 SALES SKID

THOMAS WALWORTH



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

In November 1990, the motorhome market plunged 40.7% from the previous November, and RV trailer sales also skidded, slipping down by 13.3% compared with the same month a year earlier. However, year-to-date figures showed a less drastic downturn: Motorhome retail registrations were down by 18.4%, while RV-trailer sales were down by a small 3.73%, in comparison with the same 11-month period of 1989.

Nationally, retail sales of RV trailers fell by 704 units, or 13.3%, compared with November 1989. Figure 1 looks at November 1990 on a regional basis, with the seven national regions ranked according to the percent of change in RV-trailer sales from the same month in 1989. In the leading South Atlantic region, Florida recorded the largest gain for the month. The Northeast trailed the pack, with Maine experiencing the worst decline in that region.

For 1990 year-to-date, the RV-trailer market was down by 4,031 units (3.73%) as of last November, and Figure 2 shows the regional rankings based on the percentage change in sales compared with the same period of 1989. The South Central area garnered the No. 1 spot, with Alabama having the largest increase. New Hampshire reported the largest decline in the last-place Northeast region.

The motorhome market was especially hard hit in November 1990, tumbling 1,362 units (40.7%) from its level the previous November. The seven regions are listed in Figure 3 in order of their percent of change in motorhome sales compared with November 1989. In the top-ranked East North Central region, Michigan reported the best performance. Kentucky came in with the deepest drop in the bottom-ranked South Central area.

For 1990 year-to-date, motorhome sales were trailing 1989's tally by 9,564 units, or 18.4%, as of last November. Figure 4 features regions ranked by the percent of change in 1990 motorhome sales compared with the same period of 1989. The South Central states outpaced all others, and Louisiana recorded the largest gain in that market. New Hampshire's market had the worst decline in the trailing Northeast

RV TRAILERS, NOV. '90

Nov. '90 Rank	Region	% of Change From Nov. '89	Oct. '90 Rank
1	S. Atlantic	17.6	3
2	E.N. Central	– 2.4	6
3	S. Central	– 5.7	4
4	Pacific	–24.4	2
5	Mountain	–26.8	1
6	W.N. Central	–30.5	5
7	Northeast	–32.2	7

Figure 1

RV TRAILERS, YEAR-TO-DATE

Nov. '90 Rank	Region	% of Change Year-to-Date	Oct. '90 Rank
1	S. Central	6.6	1
2	Mountain	2.8	2
3	Pacific	0.1	3
4	W.N. Central	– 3.6	4
5	S. Atlantic	– 5.0	6
6	E.N. Central	– 5.9	5
7	Northeast	–16.9	7

Figure 2

MOTORHOMES, NOV. '90

Nov. '90 Rank	Region	% of Change From Nov. '89	Oct. '90 Rank
1	E.N. Central	–30.6	7
2	S. Atlantic	–33.4	5
3	W.N. Central	–35.0	4
4	Pacific	–39.8	3
5	Mountain	–42.4	2
6	Northeast	–42.8	6
7	S. Central	–58.9	1

Figure 3

MOTORHOMES, YEAR-TO-DATE

Nov. '90 Rank	Region	% of Change Year-to-Date	Oct. '90 Rank
1	S. Central	–13.0	1
2	Mountain	–16.0	2
3	Pacific	–16.1	3
4	W.N. Central	–16.6	4
5	S. Atlantic	–19.0	5
6	E.N. Central	–22.5	6
7	Northeast	–26.2	7

Figure 4

GRAPHICS: DIGITAL LIFE

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AT RETAIL *continued*

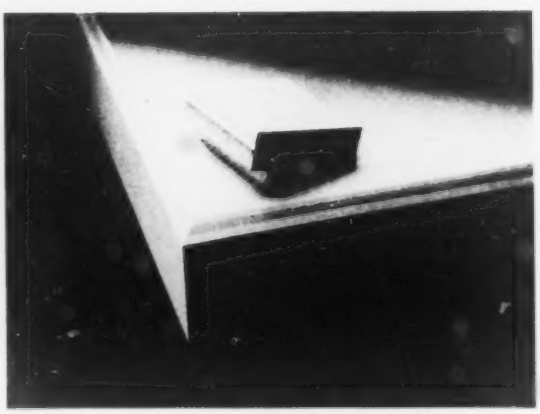
region.

In November 1990, the motorhome market not only began to decline at a very rapid rate, but the trailer market began to slide as well. Looking at year-to-date numbers, the performance of motorhome retail sales was not so bad, but dealers still had to deal with that whopping 40.7% decline for the month. The good news was that these difficult times were occurring during the RV market's slowest season, when sales normally are low anyway.

What's the prognosis for early 1991? We believe that motorhome buyers are not leaving the market; some are merely postponing RV purchases until the future of fuel prices and interest rates is clearer. It is interesting to note, for example, that the Michigan market, where auto industry troubles were having an impact, was still one of the better sales areas for the industry in November 1990. RVing interest remains strong, and markets will rebound once world economic and political events are more predictable. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

Color Coordination Almost As Easy As Paint - By - Number



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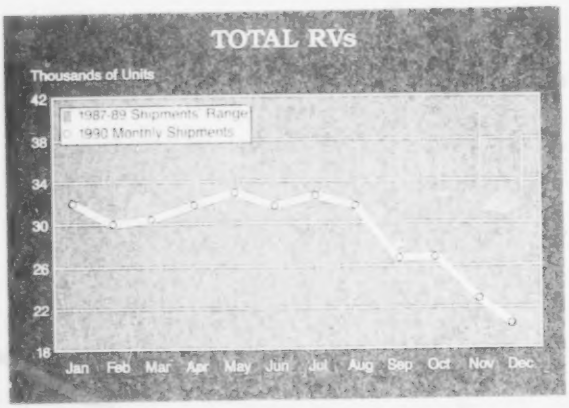
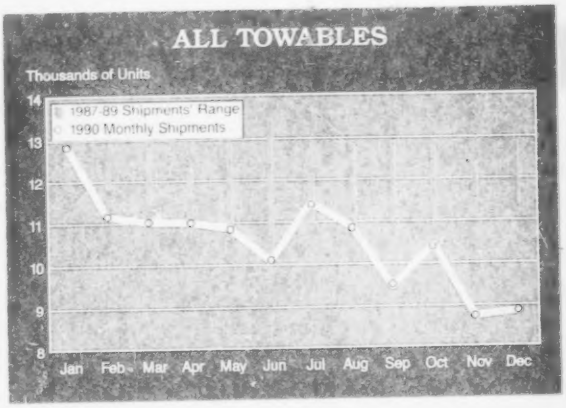


Figure 1



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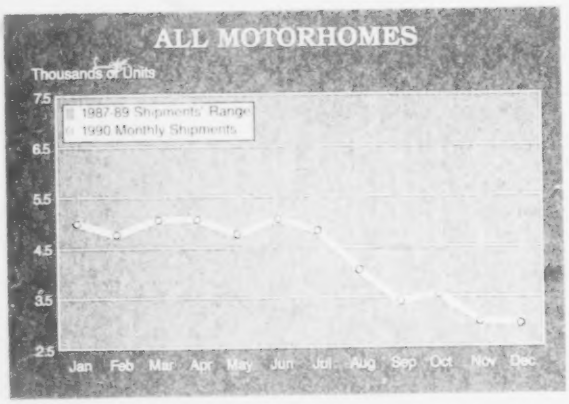

Figure 3

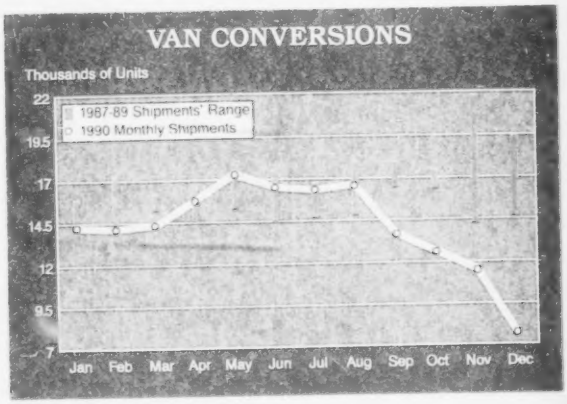

Figure 4

When the first RVIA shipment data for 1990 appeared, we began to display each month's figures in a comparison with the monthly range of the past three years. Figures 1 through 4 have followed that pattern each month. This graphic device was chosen to put shipments into a context of the recent past. Little did we realize that, month after month, our technique would highlight an unusually weak year.

Total shipments in December 1990, when adjusted for normal seasonal patterns, equaled less than 20,000 units. December 1990 marked the 11th time in 1990 that total shipments were below those of a year earlier. May of last year was the last month in which 1990's total shipments fell into the range of the preceding three years.

Although there is no questioning the weakness of the December numbers, it should be noted that the source of the problem for that month was isolated. Note in Figure 2 that towable shipments were up by more than 200 units from November. In Figure 3, it is clear that December was unchanged from November in terms of motorhome shipments.

The entire decline in the final month of 1990 took place in the van-conversion sector. Figure 4 shows that December van-conversion shipments equaled about half of the low for the preceding three years. When van conversions are excluded from the December numbers, the industry showed a gain of 1.5% in December over November 1990.

The Detailed View

1990 was clearly a bad year for motorized units. Motorhomes and van conversions both lost market share to towables. *(See Figure 5.)* All types of towables gained mar-

ket share, while only isolated gains were made in the motorhome group.

Both motorhomes and van conversions got off to weak starts in 1990 and never recovered. In January 1990, motorhomes were running more than 15% behind the tally of January 1989. Since June 1990 was the only month in which 1990 motorhome shipments ran ahead of 1989, there was little chance for improvement. From July of last year onward, each month was worse than the same month a year earlier for motorhomes. In both November and December of last year, motorhome shipments ran 30% or more behind the same month in '89.

Within the motorhome group, Class B van campers did advance by nearly 20%, or 1,000 units, from 1989. The gain for micro-mini Class C's of 1,000 units (nearly 44%) over the previous year did not, however, offset other Class C losses, and the Class C motorhome group closed the year down by 16%. *(See Figure 6.)*

For the full year, motorhomes declined by nearly 8,900 units (14.5%). However, this was not as strong a decline as in 1989, when motorhomes fell by 12,000 units, or 16.5%.

Van conversions through July of last year were showing only a 4.6% deficit for the year-to-date, but then the Gulf Crisis erupted. The cumulative effect began to be felt, and, by September 1990, shipments of van conversions fell 16% below the same month of 1989. This was followed by monthly shortfalls of 25% and 42% in October and November respectively, when compared with the same months a year earlier. December then crowned the decline with a total of just 7,900 units, 53% less than in December '89.

Unlike motorhomes, van conversions suffered a much greater decline in 1990 than they did in 1989. Total units were down in '90 by 29,400 units, compared with a drop of less than 5,000 in 1989.

The decline in van conversions for the full year of 1990 was virtually identical in percentage terms (14.6%) to the decline of motorhomes. Thus, the motorized units seemed to have suffered similar distress due to the economic and geopolitical events of 1990.

Towables, by contrast, had a decline of 7,000 units, or 5.3% in 1990. This was less than half the nearly 16,000-unit (10.6%) decline of 1989. In contrast to motorhomes and van conversions, this group suffered only moderate discomfort during 1990.

Of interest in the towables group was the fact that all types of towables declined, but the losses were in a narrow range. Park models showed the least distress with a 1.5% drop, while folding camping trailers had the greatest decline of 8.9%.

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.71	22.83	1.89
Conventional	14.77	13.52	1.25
Park Models	2.07	1.87	0.21
Fifth-wheels	7.87	7.44	0.42
Folding Camping Trailers	8.80	8.56	0.24
Truck Campers	2.73	2.50	0.24
TOTAL TOWABLES	36.25	33.88	2.36
Motorhomes:			
Class A	8.22	8.92	-0.71
Class B Van Campers	1.68	1.25	0.44
Class C:	4.92	5.19	-0.27
Minis	3.80	4.25	-0.46
Low Profiles	0.19	0.36	-0.17
Micro-minis	0.93	0.57	0.36
TOTAL MOTORHOMES	14.82	15.36	-0.54
Multiuse Van Conversions	48.93	50.76	-1.82

Percentages may not add to total because of rounding.

Figure 5

Bottoming Out?

It is tempting to look at the data for the past three months and assume a climax to the shipments decline that has plagued the industry in 1989 and 1990. These two years together represent a loss of 78,100 units, or about one-sixth of total output for 1988. This long slide is not the result of the Iraqi invasion of Kuwait, although that did deepen the slide. Rather, the problems rest with a general disinclination by consumers to assume new debt and a faltering of the consumer-durables industry in general. Precisely why these trends are occurring is not known.

Some analysts would say the problems lie with consumer confidence, which has fallen so low so dramatically. But, as we have seen, the problems in the RV industry began long before there was a question of consumer confidence.

In fact, 1989 was the great year of good feeling, when the wall in Berlin came down and the peace dividend was a topic for general discussion. Yet 1989 was not a good year for the RV industry. The problems here are deeper and more far-reaching than the superficialities of confidence surveys.

Perhaps we are witnessing an adjustment of consumer debt because too many consumers (and too many lending institutions) have become overextended. With real-estate values in many parts of the country no longer rising, the balance sheets of many consumers do not look as strong as in past years. There is less equity in that home than there used to be; hence, the borrowing capacity of many consumers has been reduced. Maybe when the real-estate markets bottom out in depressed areas of the Northeast and Southwest, we will find a rejuvenated consumer durable-goods market in which the RV industry can thrive. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	Dec. '90	Change from Nov. '90 Number	%	Year-to-Date 1990	1989	Change Number	%
Travel Trailers:	6,220	30	0.6	86,670	90,390	-3,720	-4.1
Conventional	4,090	600	17.1	51,800	53,530	-1,730	-3.2
Park Models	640	90	16.0	7,270	7,390	-110	-1.5
Fifth-wheels	1,490	-650	-30.5	27,590	29,470	-1,880	-6.4
Folding Camping Trailers	2,080	130	6.8	30,870	33,910	-3,030	-8.9
Truck Campers	640	30	4.3	9,590	9,880	-290	-3.0
Motorhomes:							
Class A	1,640	50	3.1	28,810	35,340	-6,530	-18.5
Class B Van Campers	400	-50	-10.9	5,910	4,940	960	19.5
Class C:	1,000	0	-0.4	17,250	20,540	-3,280	-16.0
– Minis	740	-20	-3.1	13,320	16,850	-3,520	-20.9
– Low Profiles	150	150	n/a	660	1,420	-750	-53.2
– Micro-minis	110	-130	-55.7	3,270	2,270	990	43.7
Multiuse Van Conversions	7,870	-3,310	-29.6	171,620	200,990	-29,380	-14.6

Note: Data rounded to nearest 10 units.

Figure 6